

## Message Text

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11

ACTION AEC-07

INFO OCT-01 EA-06 ISO-00 OES-03 FEA-01 ACDA-05 CIAE-00

INR-07 IO-10 L-02 NSAE-00 NSC-05 RSC-01 XMB-02 EB-07

SS-15 AID-05 /077 W

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R 240410Z JAN 75

FM AMCONSUL HONG KONG

TO AMEMBASSY TOKYO

INFO SECSTATE WASHDC 3590

C O N F I D E N T I A L HONG KONG 0882

TOKYO FOR AEC ATTACHE

E.O. 11652: GDS

TAGS: ENRG BEXP HK

SUBJECT: FUTURE COST OF ENRICHED URANIUM

REF: STATE 8026

1. HKG WOULD LIKE USG READING ON FUTURE PRICING OF ENRICHED NUCLEAR FUEL. THIS WILL HAVE IMPORTANT BEARING ON WHETHER HKG PROCEEDS TO INSTALL NUCLEAR POWER PLANT. HKG'S PREVIOUS STUDIES ON SUBJECT INDICATED 2 OR 3 TO 1 PRICE ADVANTAGE OF NUCLEAR POWER OVER FOSSIL FUELED PLANTS ONCE FACILITY WAS IN OPERATION, BUT HELD BACK DUE TO AWESOME INITIAL CONSTRUCTION EXPENSE AND LONG LEADTIME. UNDER PRESENT CIRCUMSTANCES OF HIGH PETROLEUM COST, FUEL COST ADVANTAGE FAR OUTWEIGHS INITIAL COST PROBLEM. QUESTION IS, HOWEVER, WILL THIS SAME SITUATION PREVAIL IN MID-1980'S WHEN A HONG KONG REACTOR WOULD COME ON STREAM?

2. WE INFER FROM REFTTEL THAT SUPPLY OF URANIUM IS NOT PARTICULARLY SHORT AT PRESENT AND NOTICE IT NOT AMONG CRITICAL IMPORTED MATERIALS COVERED IN COUNCIL ON INTERNATIONAL ECONOMIC POLICY'S DECEMBER 1974 SPECIAL REPORT. IS THERE ANY INDICATION THAT WHOLESALE RUSH  
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TO NUCLEAR POWER AWAY FROM CONVENTIONAL PLANTS DUE TO

PETROLEUM PRICE AND SUPPLY INSTABILITY COULD LEAD TO  
RADICAL ALTERATION OF THIS SITUATION WITH CONSEQUENT  
PRICE EFFECT?

3. HKG OFFICIALS IN FREQUENT CONTACT WITH US AND WE  
WOULD APPRECIATE GUIDANCE ON ABOVE.

4. ON A RELATED MATTER, THE LOCAL ESSO OFFICE HAS ASKED  
US IF THE NON-PROLIFERATION TREATY OR ANY OTHER SAFEGUARD  
ARRANGEMENT WOULD PREVENT IMPORTATION OF NUCLEAR FUEL  
INTO HONG KONG. ESSO HAS JOINT VENTURE POWER PLANT WITH  
CHINA LIGHT AND POWER AND IS INTERESTED IN A NUCLEAR  
INSTALLATION IF HKG GIVES GREEN LIGHT.  
CROSS

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## Message Attributes

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**Current Classification:** UNCLASSIFIED  
**Concepts:** URANIUM, CONSTRUCTION, PRICES, COST ESTIMATES, NUCLEAR POWER PLANTS  
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**Draft Date:** 24 JAN 1975  
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**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
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